REMARKS

The present paper is submitted in response to the Office Action dated October 12,

2005. In the Office Action, the Examiner rejected claims 1-3, 43-45 and 90 under 35

U.S.C. § 102(e) as being anticipated by U.S. Patent No. 6,263,446 to Kausik et al. In

addition, claims 4, 46 and 91-103 were rejected under 35 U.S.C. § 103(a) as being

unpatentable over Kausik et al. in view of U.S. Patent No. 6,873,974 to Schutzer.

Rejections Under 35 U.S.C. § 102(e)

In the Office Action mailed October 12, 2005, claims 1-3, 43-45 and 90 were

rejected under 35 U.S.C. § 102 (e) as being anticipated by Kausik et al. These rejections are

respectfully traversed in view of the claims as amended, and for the reasons that follow.

More specifically, claims 1, 43, 90 and 98 have been amended to include the

limitation that the "challenge is passed to an intelligent token for processing said challenge,

wherein said intelligent token generates a response to said challenge." This limitation is

nowhere found in any of the references of record, taken alone or in combination.

The patent to Kausik et al. fails to teach or disclose the use of an intelligent token

utilized to conduct a secure electronic transaction. Specifically, Kausik et al. fail to teach or

disclose issuing a challenge to the user, "wherein said challenge is passed to an intelligent

token for processing said challenge, wherein said intelligent token generates a response to

said challenge." The term "intelligent token" is generally disclosed in the application at p.

10, lines 25-28.

Kausik et al. actually teaches conducting electronic transactions without utilizing

verifiable hardware. Specifically, Kausik et al. state:

> The present invention discloses a method and apparatus for the on-demand
> delivery of authentication credentials to roaming users. Credentials are

8

stored, delivered and transmitted in software, obviating the need for additional hardware.

Col. 2, lines 10-14. The patent to Kausik et al., therefore, relates to authenticating only a software wallet, and does not relate to challenging an intelligent token, such as, for example, a smart card, in the manner set forth in the claims.

Since Kausik et al. fail to disclose the elements defined in independent claims 1, 43, 90 and 98, the rejection thereto under 35 U.S.C. § 102(e) has been overcome, and should be withdrawn.
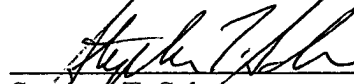
Further, with respect to rejected claims 2-4, 44-46, 91-97 and 99-103, Applicants respectfully submit that these claims, which depend from independent claims 1, 43, 90 and 98, either directly or indirectly, are also allowable for at least the reasons described above with respect to the independent claims, as well as in view of their own respective features.

CONCLUSION

In view of the foregoing remarks and amendments, Applicants respectfully submit that all of the claims in the Application are in allowable form and that the Application is now in condition for allowance. If, however, any outstanding issues remain, Applicants urge the Examiner to telephone Applicants' attorney so that the same may be resolved and the Application expedited to issue. Applicants respectfully request the Examiner to indicate all claims as allowable and to pass the Application to issue.

Respectfully submitted,

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